

THE IDEA VILLAGE, INC.**FINANCIAL STATEMENTS**

December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/5/09

THE IDEA VILLAGE, INC
NEW ORLEANS, LOUISIANA

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WEGMANN DAZET & COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Idea Village, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of The Idea Village, Inc (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Idea Village, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of The Idea Village, Inc's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

June 26, 2009

Wegmann Dazet & Company

THE IDEA VILLAGE, INC
STATEMENT OF FINANCIAL POSITION

December 31, 2008

	2008
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,792,978
Pledges receivable	24,800
Grant receivables	90,238
Other receivables	18,502
Other current assets	2,250
Total current assets	<u>1,928,768</u>
Property and equipment, at cost less accumulated depreciation	<u>50,867</u>
Total assets	<u><u>\$ 1,979,635</u></u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	<u>\$ 6,060</u>
Total current liabilities	<u>6,060</u>
NET ASSETS	
Net assets	
Unrestricted accumulated equity	796,548
Restricted accumulated equity	1,177,027
Total net assets	<u>1,973,575</u>
Total liabilities and net assets	<u><u>\$ 1,979,635</u></u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 321,521	\$ 2,066,846	\$ 2,388,367
Donations	187,512	49,212	236,724
Net assets released from restrictions	<u>1,159,691</u>	<u>(1,159,691)</u>	<u>-</u>
Total revenue	<u>1,668,724</u>	<u>956,367</u>	<u>2,625,091</u>
Expenses			
Program services			
Program activities	733,749	-	733,749
Fundraising	7,786	-	7,786
Supporting services			
General and administrative	<u>574,621</u>	<u>-</u>	<u>574,621</u>
Total expenses	<u>1,316,156</u>	<u>-</u>	<u>1,316,156</u>
Change in net assets	352,568	956,367	1,308,935
Net assets			
Beginning of year	<u>443,980</u>	<u>220,660</u>	<u>664,640</u>
End of year	<u><u>\$ 796,548</u></u>	<u><u>\$ 1,177,027</u></u>	<u><u>\$ 1,973,575</u></u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2008

	Program	Fundraising	Support Services	Total Expenses
Accounting	\$ -	\$ -	\$ 814	\$ 814
Alarm and security	-	-	452	452
Auto rental	2,222	-	1,022	3,244
Bad debt expense	-	-	2,500	2,500
Bank service charge	26	-	735	761
Building repairs	-	-	496	496
Computer services and supplies	2,148	-	4,817	6,965
Consulting	78,235	-	62,979	141,214
Contract labor fees	8,081	-	8,278	16,359
Dental insurance	-	-	3,384	3,384
Depreciation	-	-	1,580	1,580
Dues and subscriptions	-	-	509	509
Equipment repairs	-	-	82	82
Grants awarded	447	-	75,600	76,047
Hardware rental	-	-	202	202
Information technology	315	-	3,683	3,998
Insurance - general	-	-	1,410	1,410
Interest income	-	-	(644)	(644)
Licenses and permits	-	-	134	134
Marketing	48,256	6,196	10,928	65,380
Meals and entertainment	19,756	-	6,454	26,210
Medical insurance	-	-	39,523	39,523
Merchant credit card fees	-	-	389	389
Office supplies	2,819	-	5,120	7,939
Other expense	715	-	3,329	4,044
Parking and tolls	2,440	-	1,007	3,447
Payroll service fees	-	-	2,456	2,456
Payroll taxes	42,155	-	9,072	51,227
Postage and delivery	160	210	748	1,118
Printing and reproduction	-	1,380	2,540	3,920
Professional development	2,310	-	9,041	11,351
Recycling expense	-	-	195	195
Rent expense	-	-	36,000	36,000
Repairs and maintenance	-	-	8,088	8,088
Salary and wages	501,300	-	241,480	742,780
Supplies other	-	-	1,003	1,003
Telephone	178	-	12,225	12,403
Travel	22,186	-	4,973	27,159
Utilities	-	-	6,575	6,575
Workers comp insurance	-	-	5,442	5,442
Total expenses	<u>\$ 733,749</u>	<u>\$ 7,786</u>	<u>\$ 574,621</u>	<u>\$ 1,316,156</u>

See accompanying Notes to Financial Statements

THE IDEA VILLAGE, INC
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

	2008
Cash flows from operating activities:	
Change in net assets	\$ 1,308,935
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	1,580
(Increase) decrease in operating assets:	
Receivables	191,315
Other receivables	(11,802)
Prepaid pension cost	3,144
Due from third party	29,506
Other current assets	250
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(36,241)
Other current liabilities	-
Net cash provided by operating activities	<u>1,486,687</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(51,153)</u>
Net cash used by investing activities	<u>(51,153)</u>
Net increase in cash	1,435,534
Cash and cash equivalents at beginning of year	<u>357,444</u>
Cash and cash equivalents at end of year	<u>\$ 1,792,978</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2008

1) Nature of activities

The Idea Village, Inc. (the "Village") is a non-profit organization established in 2002 to generate economic development in the New Orleans region by commercializing ideas and accelerating the growth of entrepreneurial companies. The Village focuses primarily on early-stage companies, providing targeted services and access to third-party capital including venture capitalists, corporate and individual investors. The Village guides companies as to the most efficient and effective means of raising venture capital and accelerating success.

Due to the impact of Hurricane Katrina on the New Orleans area, the Village established a fund, the IV Business Relief Fund, to provide short term financial assistance and/or professional consulting services to local entrepreneurs trying to reopen their businesses. Donors are able to designate that their contributions to the Village be used for this purpose. The Village assesses, qualifies and performs general due diligence before awarding monetary grants and/or consulting services to applicant companies.

The Village has also developed a revitalization strategy to support entrepreneurs determined to rebuild their business in the New Orleans area. Its goal is to secure strong, sustainable commercial corridors that will serve as community "anchors" fueling private investment and giving residents a greater sense of confidence, ownership and participation in their neighborhoods.

2) Summary of significant accounting policies

The significant accounting policies followed by the Village are summarized as follows:

(a) Financial statement presentation

The Village's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(b) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

(c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(d) Accounts receivable

Accounts are considered overdue if uncollected within ninety days of original invoice. The Village writes off uncollectible accounts as they are identified. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2008

2) Summary of Significant Accounting Policies (continued)

(e) Depreciation of property and equipment

Depreciation of the office building, automobiles and furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 3 to 39 years.

Property and equipment are stated at cost. Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs, which do not extend the life of the applicable assets, are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in the statement of activities.

(f) Taxes

No provision is made for income taxes as the Village is exempt from income tax as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. The Village has no unrelated business income.

(g) Fundraising

All expenses associate with the fundraising event are expenses as incurred.

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Concentration of credit risk

Financial instruments that potentially subject the Village to concentrations of credit risk consist principally of cash deposits. The Village at times has cash on deposit at financial institutions that may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Village, at times, may be in excess of FDIC insured limits. The Village has not experienced any losses in such accounts. The Village has no policy requiring collateral or other security to support its deposits.

(j) Restricted cash

The Village has established a fund, the IV Business Relief Fund, to provide short-term assistance to local entrepreneurs trying to reopen their business in the New Orleans area. Donors are able to designate that their contributions to the Village be used for this purpose. The Idea Village assesses, qualifies and performs due diligence before awarding monetary grants and/or consulting services to applicant companies.

(k) Promises to give

Unconditional promises to give are recognized when the donor makes a promise to give. Conditional promises to give are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2008

2) Summary of Significant Accounting Policies (continued)

(1) Donated services

Donated services are recognized as contributions in accordance with SFAS No. 16, Accounting for Contributions Received and Contributions Made, if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Village.

No such contributions were recorded in 2008.

3) Restrictions on net assets

The Village operates many initiatives in the New Orleans area. The Village has several initiatives which provide services to develop a business center green businesses, to develop affordable housing in New Orleans, to help young adults stay in the New Orleans area, and to develop a business center in the ninth ward.

Temporarily restricted net assets are available for the following initiatives:

	<u>2008</u>
ECO Park	\$129,953
Innovation Fund	932,092
Brain Gain	51,302
IV @ Galvez	<u>63,680</u>
Total temporarily restricted assets	<u>\$1,177,027</u>

4) Federal financial assistance

The Organization has been awarded a grant from the U.S. Department of Housing and Urban Development through the Louisiana Department of Economic Development to provide direct business support and grants to New Orleans based entrepreneurs. Idea Village will identify and accelerate the recovery and growth of one hundred diverse small business owners, who above all, exhibit the unmistakable spirit of entrepreneurialism. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended December 31, 2008 was as follows:

	<u>2008</u>
Grant receipts	\$343,439
Grant expenditures	<u>433,677</u>
Due from grant at end of year	<u>\$ 90,238</u>

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2008

5) Property and equipment

Property and equipment consists of the following:

	<u>2008</u>
Building	\$ 41,508
Computers	25,289
Furniture and fixtures	<u>7,162</u>
Total costs	73,959
Accumulated depreciation	<u>23,092</u>
Property and equipment	<u>\$ 50,867</u>

6) Innovation Fund Initiative

The Village has entered into an agreement with the Rockefeller Foundation whereby the Village will establish a competitive program to fund and provide technical assistance for three innovative proposals by New Orleans-based Rockefeller Foundation Redevelopment Fellows that advance the production of affordable housing and neighborhood revitalization in New Orleans.

The Village received \$1,000,000 in restricted revenue for the initiative that runs from December 1, 2008 to November 30, 2010. Of the total funds received \$200,000 is support staff salary of the Village, \$300,000 is to support consultants that will provide technical assistance and the remaining \$500,000 is to be disbursed to the three winning ventures depending upon the needs of each venture. At December 31, 2008 there was \$932,092 remaining in temporarily restricted net assets.

	Grant Receipts	Grant Expenditures	Balance
Idea Village Staff Support	\$ 200,000	\$ 67,908	\$ 132,092
Fellows - Consultants Support	300,000	-	300,000
Ventures - Development Funds	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Totals	<u>\$ 1,000,000</u>	<u>\$ 67,908</u>	<u>\$ 932,092</u>

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REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
The Idea Village, Inc
New Orleans, Louisiana

We have audited the financial statements of The Idea Village, Inc as of and for the year ended December 31, 2008, and have issued a report thereon dated June 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered The Idea Village, Inc's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the The Idea Village, Inc's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the The Idea Village, Inc's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

* * *

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 26, 2009

Wegman Payton Company

THE IDEA VILLAGE, INC
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2008

Section I Summary of Auditors' Report

A) Financial Statements

Type of auditors' report issued: Unqualified

Internal Control over financial reporting:

- | | | | | |
|--|-------|-----|-------------|----|
| • Material weakness(es) identified | _____ | Yes | _____x_____ | No |
| • Significant Deficiency(s) identified that are not considered to be material weaknesses | _____ | Yes | _____x_____ | No |
| Noncompliance material to financial statements noted | _____ | Yes | _____x_____ | No |

B) Federal Awards

For the year ended December 31, 2008, The Idea Village, Inc was not subject to OMB Circular A-133 Audits of States, Local Government and Non-Profit Organizations.

Section II Financial Statement Findings

None Noted

Section III Federal Award Findings and Questioned Costs

Not applicable.